

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

THE TRAVELERS INDEMNITY COMPANY,
SUCCESSOR IN INTEREST BY MERGER TO
GULF INSURANCE COMPANY,

Plaintiff,

- against -

MODERN INDUSTRIES, INC., RONEN KOZOKHAR
and ALLA KRASNER

Civil Action No.: 07-CV-4032
(NRB)

**AFFIDAVIT OF
R. JEFFREY OLSON
IN SUPPORT OF REQUEST
FOR ENTRY OF DEFAULT
JUDGMENT AGAINST
MODERN INDUSTRIES,
INC.**

[illegible]

I, R. Jeffrey Olson, being duly sworn according to law, upon my oath, depose and say:

1. I am a Bond Claim Manager for The Travelers Indemnity Company, successor in interest by merger to Gulf Insurance Company (“Travelers”). As such, I am familiar with the facts of this matter.

2. I make this Affidavit on behalf of Travelers pursuant to Local Civil Rule 55.1 in support of Travelers' application for the entry of default judgment against Defendant Modern Industries, Inc. ("Modern") in the amount of \$406,786.18.

3. On or about September 26, 2003, Travelers, as surety, on behalf of Modern Industries, Inc., as principal, issued a labor and material payment bond and a performance bond, each bearing bond no. B2 1868539 (collectively the “Cypress Hills Bonds”), in favor of the New

York City Housing Authority (“Housing”), as obligee, in connection with a project known as “Installation of New Mailboxes at Cypress Hills Houses” (the “Cypress Hills Project”).

4. After reviewing Travelers current bond loss records, Travelers has incurred, and will continue to incur, losses and expenses related to payments for claims and completion work against the Bonds for the Cypress Hills Project as follows:

(1)	L. DeLillo & Son (mailbox supplier)	\$ 9,453.60
(2)	New York City Housing Authority	\$ 157,630.60
Total Losses:		\$ 167,084.20

Additionally, Travelers incurred \$34,218.44 in attorneys’ fees and consultants’ expenses on the Cypress Hills Houses Project.

5. On or about September 29, 2003, Travelers, as surety, on behalf of Modern Industries, Inc., as principal, issued a performance bond, bearing bond no. B2 1848449 (the “Douglass Bond”), in favor of the New York City Housing Authority (“Housing”), as obligee, in connection with a project known as “Douglass/Douglass Addition Houses, Contract No. GR0200083” (the “Douglass Project”).

6. After reviewing Travelers current bond loss records, Travelers has incurred, and will continue to incur, losses and expenses related to payments for claims and completion work against the Bond for the Douglass Project as follows:

(1)	Consolidated Brick	10/24/05	\$ 3,675.00
(2)	Eastern Steel Corp.	10/24/05	\$ 3,325.00
(3)	Kings Materials	08/20/05	\$ 1,955.15
		10/19/05	\$ 20,398.19
		10/24/05	\$ 2,002.25
		11/10/05	\$ 1,205.20
		01/04/06	\$ 967.20
Total:			\$ 26,527.99

(4)	Legacy Carting Corp.	02/21/06	\$ 1,653.00
(5)	Modern Industries, Inc.	10/14/05	\$ 6,618.57
		10/24/05	\$ 4,400.66
		10/24/05	\$ 6,995.28
		11/10/05	\$ 7,602.04
		11/15/05	\$ 6,893.60
		11/15/05	\$ 2,998.98
		12/02/05	\$ 4,945.12
		12/14/05	\$ 5,025.45
		12/19/05	\$ 643.89
		12/20/05	\$ 5,279.36
		12/20/05	\$ 7,321.83
		01/04/06	\$ 282.43
		01/04/06	\$ 1,927.49
		01/04/06	\$ 6,496.90
	Total:		\$ 67,431.60
(6)	Sargent Mfg, Inc.	10/20/05	\$ 17,250.00
		11/17/05	\$ 17,500.00
		12/20/05	\$ 12,500.00
	Total:		\$ 47,250.00
	Total Losses:		\$149,862.59

Additionally, Travelers incurred \$37,505.10 in attorneys' fees and consultants' expenses on the Douglass Houses Project.

7. On or about September 29, 2003, Travelers, as surety, on behalf of Modern Industries, Inc., as principal, issued a performance bond, bearing bond no. B2 1848450 (the "East River Bond"), in favor of the New York City Housing Authority ("Housing"), as obligee, in connection with a project known as "East River Houses, Contract No. GR0200105" (the "East River Project").

8. After reviewing Travelers current bond loss records, Travelers has incurred, and will continue to incur, losses and expenses related to payments for claims and completion work against the Bond for the East River Project as follows:

(1)	Consolidated Brick	01/11/06	\$ 2,349.00
(2)	Eastern Steel Corp.	01/11/06	\$ 1,700.00
(3)	Kings Materials	01/04/06	\$ 1,206.40
		02/21/06	\$ 431.00
		02/21/06	\$ 2,036.30
	Total:		\$ 3,673.70
(4)	Modern Industries, Inc.	01/12/06	\$ 4,883.81
		01/19/06	\$ 2,025.19
		01/19/06	\$ 6,931.05
		01/30/06	\$ 6,051.77
		02/22/06	\$ 7,490.75
	Total:		\$ 27,382.57
	Total Losses:		\$ 35,105.27

Additionally, Travelers incurred \$9,010.58 in attorneys' fees and consultants' expenses on the East River Houses Project.

9. Travelers total losses and expenses, to date, as the result of issuing bonds to Modern, amounts to \$432,786.18, calculated as:

(1)	Cypress Hills Houses:	
	Losses:	\$167,084.20
	Expenses:	\$ 34,218.44
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	Total:	\$201,302.64
(2)	Douglass Houses:	
	Losses:	\$149,862.59
	Expenses:	\$ 37,505.10
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	Total:	\$187,367.69
(3)	East River Houses:	
	Losses:	\$ 35,105.27
	Expenses:	\$ 9,010.58
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	Total:	\$ 44,115.85

10. As the result of a settlement with indemnitors Ronen Kozokhar and Alla Krasner, Travelers has recovered \$26,000.00, leaving a balance of \$406,786.18 to be recovered from Modern.

I declare under penalty of perjury that the foregoing is true and accurate to the best of my knowledge, information and belief.

C. H. C.

R. Jeffrey Olson
Bond Claim Manager for The Travelers
Indemnity Company, successor in interest
by merger to Gulf Insurance Company

Sworn to and subscribed before
me this 5th day of January 2008

Patrick Toulou
Notary Public - State of Washington

CERTIFICATE OF ACKNOWLEDGEMENT OF NOTARY PUBLIC

STATE OF WASHINGTON)
) ss
COUNTY OF King)

On 1/7/08, before me, Patrick G. Toulouse a notary public, personally appeared R. JEFFREY OLSON, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Patricia Boulton
Notary Public - State of Washington
Residing at Seattle, WA
My Commission expires: 9-12-08

